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## Morocco

## Dairy and Products

## Annual

## 2001

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### Report Highlights:

**Morocco will temporarily decrease the duties for fresh milk to allow imports of UHT fresh milk to fulfill the high demand during the Holy month of Ramadan.**

**There is still a potential market for U.S. skimmed milk powder in Morocco in spite of the tariff concessions given the EU.**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Rabat [MO1], MO

## **Fresh Milk**

Morocco will temporarily decrease the duty on imported fresh milk to allow imports to fulfill the high demand during the Holy month of Ramadan. The consumption of dairy products (especially milk) increases considerably in Ramadan (estimated 40 %) and the GOM implement policies to ensure that there is enough supply of key food items including milk. As a result, Morocco may import up to 12,000 MT of fresh UHT milk (tetrapack) to fulfill the estimated demand of 55,000 MT. Customs duties are scheduled to be reduced to 25 percent during the October 20-November 20 period and go back to the normal level (115%), which effectively prevents imports of fresh milk.

The shortage of milk in the Moroccan market this year is likely to be repeated during the next few years because the Ramadan's peak of demand will coincide with the low lactation period (Sept.-January). According to the Muslim calendar, each year Ramadan moves back 11 days compared to the calendar year. Also, milk production is very cyclical in Morocco because farmers tend to concentrate calving during the period when pasture conditions and feed supply are relatively plentiful (February - August). Furthermore, local milk production has suffered to a great extent from the drought that deteriorated pasture conditions significantly for the third consecutive year.

## **Milk Powder**

Morocco will continue to import over 5,000 MT of skimmed milk powder to be used primarily by milk processing factories for making milk derivatives (such as yogurt) but also by other food processors (such as biscuit and ice cream manufacturers). The demand for imported powder milk declined in 1998 when the largest milk processing plant expanded its milk drying capacity. However, the prevailing drought for the third consecutive year reduced the fresh milk supply including during the high lactation period when milk is normally dehydrated and stored.

## **Preferential Access to EU Milk Powder**

Under the Morocco-EU Free Trade Agreement (effective March 2000), Morocco agreed to import up to 3,300 MT per year of European skimmed milk powder at a reduced tariff rate of 30 percent ad valorem compared to the normal tariff rate of 60 percent. The tariff concession is to presumably keep the traditional flow of milk powder coming from Europe into Morocco. Imports of skimmed milk powder are not subject to licensing but importers must apply for a license from the GOM to benefit from the 50 % reduction in customs duty for European milk powder.

Morocco phased out the requirement to add starch (5 part per thousand) to imported skimmed milk powder which used to limit significantly the number of potential suppliers from the U.S. This starch requirement was used by the GOM to detect if the fluid milk was reconstituted because reconstitution of milk was prohibited in Morocco. In December 2000, the GOM renewed its prohibition of milk reconstitution but from pasteurized milk only. It now allowed (under license requirement) the reconstitution of milk from UHT and sterilized milk.

Moroccan imports of Dairy Products  
(Metric Tons)

Calendar Year	1996	1997	1998	1999	2000
<b>Butter</b>	28,050	16,457	13,656	19,591	26,835
<b>Milk Powder</b>	9,448	9,406	6,594	5,043	5,053
<b>Milk, Other than Powder</b>	1,931	5,182	1,270	1,859	2,047
<b>Whey</b>	335	596	721	806	1,072

Source: Official Moroccan Trade Data

### Situation of the local Milk production

Morocco has some 2.4 million cattle that are mostly (2.11 million) either local breeds (average production of 500 kg per year) or imported dairy breed crossed with local breeds (a maximum of 1,800 kg per year). Average production of the imported purebred cattle is about 2,500 kg/year. The generally small herd size (country average of 4 cows per farm), poor management practices (especially feeding) will continue to limit the milk production in Morocco. Morocco's milk production is likely to continue to fail to fulfill the local demand in the short term. The lack of effective Moroccan dairy production policy combined with the prevailing drought are preventing local milk production from steadily increasing. Finally, the GOM will have no choice but to re-allow imports of breeding animals to increase the productivity of the dairy herds.

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